

St. Tammany Levee District
September 8, 1997
Page 3

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information of the St. Tammany Levee District Board of Commissioners and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

September 8, 1997

Ericksen, Krentel, Canton & LaPorte
Certified Public Accountants

St. Tammany Levee District
September 8, 1997
Page 2

In planning and performing our audit of the general purpose financial statements of St. Tammany Levee District, a component unit of the State of Louisiana, for the two years ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operations that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our evaluation of the Levee District's internal control structure revealed an absence of appropriate segregation of duties in the accounting department. The size of the Levee District's accounting and administrative staff (one employee) precludes certain internal controls that would provide optimum segregation of duties. This situation dictates that the Board of Commissioners remain involved in the financial affairs of the Levee District to provide oversight and independent review functions.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Erickson, Krentel, Canton & LaPorte, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 FAX (504) 482-2516

BENJAMIN J. ERICKSEN*
FABIO J. CANTON*
JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*

*PROFESSIONAL CORPORATION

J.V. LECLERE KRENTL (Ret. 1993)
RONALD H. ACKERMANN (Ret. 1995)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

St. Tammany Levee District
61134 Military Road
Slidell, Louisiana 70459

We have audited the general purpose financial statements of St. Tammany Levee District, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1997, and have issued our report thereon dated September 8, 1997.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of St. Tammany Levee District, a component unit of the State of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

St. Tammany Levee District
September 8, 1997
Page 2

Louisiana law requires that budgets be amended when expenditures exceed 5% of budgeted amounts. During the fiscal year ended June 30, 1997, the Levee District paid off the balance of its notes payable. This caused its debt service expenditures to exceed the budgeted amount by more than 5%. The Levee District did not amend the budget to allow for this expenditure.

We considered this instance of noncompliance in forming our opinion on whether the Levee District's general purpose financial statements are presented fairly in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 8, 1997 on those general purpose financial statements.

This report is intended for the information of the St. Tammany Levee District Board of Commissioners and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

September 8, 1997

Ericksen, Krentel, Canton & LaPorte
Certified Public Accountants

Ericksen, Krentel, Canton & LaPorte, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 FAX (504) 482-2516

BENJAMIN J. ERICKSEN*
FABIO J. CANTON*
JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*

*PROFESSIONAL CORPORATION

J.V. LECLERE KRENTEL (Ret. 1993)
RONALD H. ACKERMANN (Ret. 1995)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

St. Tammany Levee District
61134 Military Road
Slidell, Louisiana 70459

We have audited the general purpose financial statements of the St. Tammany Levee District, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1997, and have issued our report thereon dated September 8, 1997.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the St. Tammany Levee District, a component unit of the State of Louisiana, is the responsibility of the Levee District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Levee District's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instance of noncompliance that is required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the St. Tammany Levee District's 1997 financial statements.

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(10) PROFESSIONAL SERVICES

The following is a summary of all professional service payments made to contractors for surveys, feasibility studies and special studies for each year under audit.

<u>Contractor</u>	<u>June 30, 1997</u>	<u>June 30, 1996</u>
BBP Marketing	\$ 350	\$28,644
John E. Bonneau	-	1,875
J.V. Burkes & Assoc.	-	4,000
GCR & Assoc.	-	5,596
	<u>\$ 350</u>	<u>\$40,115</u>

(11) GOING CONCERN

During the 1997 Legislative Session, the Louisiana Legislature passed two acts designed to eliminate any levee or drainage district that has not substantially completed construction of a protection levee and one in which the voters have rejected proposals to support such construction. The Levee District meets both criteria. However, the Board of Commissioners believe the acts do not apply to the Levee District and have asked for an Attorney General's opinion on the matter. As of the date of this report, such opinion is still pending.

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(8) LEVEE CONSTRUCTION PROJECT

The Levee District has entered into a Local Cooperation Agreement (LCA) with the U.S. Army Corps of Engineers dated June 30, 1986, for the construction of a levee system. Under the terms of the agreement, the Levee District is required to provide a minimum of 25% of the total project cost, including all lands, easements, rights-of-way, utility relocation, or other facility alterations required to construct, operate and maintain the project. In 1994 the levee project was scaled back to consist of a 4.5 mile levee with an estimated cost of \$16 million. Under the terms of LCA, the Levee District would be responsible for approximately \$4 million. The LCA allows the fair value of donated land and funds allocated by the State of Louisiana to be applied to the Levee District's share of the project. However, the Levee District must make a cash payment equal to the difference between applied items and 25% of total project costs. This cash payment can not be less than 5% of total project costs, approximately \$800,000 at current estimated total project costs.

(9) COMMISSIONERS' PER DIEM PAYMENTS

Louisiana Revised Statutes authorize the payment of a per diem to members of the Levee District's Board of Commissioners. For the years ended June 30, 1996 and 1997, the authorized payment was \$75 per meeting.

The following is a summary of per diem payments to each commissioner for each year under audit:

<u>Commissioner</u>	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Sandra Williams	\$ 825	\$ 900
A.J. Finnin	825	825
Fletcher Cochran	450	375
S.L. "Woody" Johnston, Jr.	75	750
Mark D. Day	750	750
Margaret Elliot	825	900
	<u>\$ 3 750</u>	<u>\$ 4,500</u>

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(6) RETIREMENT SYSTEM (CONTINUED)

LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504)922-0600.

Funding Policy

Plan members of the Levee District are required by state statute to contribute 7.5 percent of their annual covered salary and the Levee District (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Levee District's employer contributions to LASERS for the years ending June 30, 1997 and 1996 were \$3,906 and \$3,780, respectively, and were equal to the required contributions for each year. Employee contributions totaled \$2,363 for each year under audit.

(7) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Levee District to concentrations of credit risk consist principally of temporary cash investments and investments in U.S. Government Bond Funds. The Levee District places its temporary cash investments with a federally insured financial institution and a brokerage firm. As of June 30, 1997 all temporary cash investments were insured.

Investments in U.S. Government Bond Funds totaled \$58,173 at June 30, 1997.

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(5) INVESTMENTS (CONTINUED)

A summary of losses on investments for the two years ended June 30, 1997 follows:

<u>Sale Date</u>	<u>Description</u>	<u>Number of Shares</u>	<u>Basis</u>	<u>Proceeds</u>	<u>Loss</u>
10/12/95	Kemper U.S. Govt. Bond-A Fund	2,800.000	\$ 26,180	\$ 24,948	\$ (1,232)
11/22/95	Kemper U.S. Govt. Bond-A Fund	2,239.642	\$ 20,941	\$ 20,000	(941)
01/29/96	Kemper U.S. Govt. Bond-A Fund	1,104.972	\$ 10,331	\$ 10,000	<u>(331)</u>
Total loss for year ended June 30, 1996					<u>\$ (2,504)</u>
11/06/96	Kemper U.S. Govt. Bond-A Fund	1,144.165	\$ 10,698	\$ 10,000	\$ (698)
12/19/96	Kemper U.S. Govt. Bond-A Fund	229.095	\$ 2,142	\$ 2,000	(142)
01/17/97	Kemper U.S. Govt. Bond-A Fund	1,157.407	\$ 10,822	\$ 10,000	(822)
04/18/97	Kemper U.S. Govt. Bond-A Fund	5,000.000	\$ 46,750	\$ 42,850	(3,900)
04/18/97	Kemper U.S. Govt. Bond-A Fund	32,809.927	\$294,918	\$281,181	<u>(13,737)</u>
Total loss for year ended June 30, 1997					<u>\$ (19,299)</u>

(6) RETIREMENT SYSTEM

Plan Description

Substantially all employees of the Levee District are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(2) AD VALOREM TAX REVENUE

Article 6, Section 38 of the 1974 Louisiana State Constitution provides that to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the Levee District may levy annually a tax not to exceed 5 mills. Should the District need additional funds in excess of the amount collected constitutionally, the taxes in excess of 5 mills must be approved by a majority of voters within the District. The Levee District has levied a tax of 5 mills.

(3) GENERAL LONG-TERM LIABILITIES

The following is a summary of changes in general long-term liabilities during the two years ended June 30, 1997:

Long-term liabilities, beginning of period	\$ 147,226
1996 Reductions	(1,273)
1997 Reductions	<u>(145,953)</u>
Long-term liabilities, end of period	<u>\$ -</u>

(4) CHANGES IN GENERAL FIXED ASSETS

	<u>Balance 7/1/95</u>	<u>1996 Purchases</u>	<u>1997 Purchases</u>	<u>Retirements</u>	<u>Balance 6/30/97</u>
Equipment	\$ 27,454	\$ 4,413	\$ 522	\$ -	\$ 32,389
Buildings	89,000	-	-	-	89,000
Land	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
	<u>\$ 191,454</u>	<u>\$ 4,413</u>	<u>\$ 522</u>	<u>\$ -</u>	<u>\$ 196,389</u>

(5) INVESTMENTS

A summary of purchase price and market value as of June 30, 1997 follows:

	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Kemper U.S. Government Bond-A Mutual Fund	5.5%	<u>\$ 58,173</u>	<u>\$ 61,201</u>	<u>\$ 3,028</u>

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on fixed assets. Fixed assets are valued at historical cost.

Donated fixed assets are recorded at estimated fair market value at the date of donation.

Long-term liabilities expected to be financed from the General Fund are accounted for in the general long-term liabilities account group.

The two account groups are not "funds". They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

Total Columns of Combined Balance Sheet

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Levee District's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1997

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Interest income on investments is recorded when the investments have matured and income is available. All other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is not recognized until due.

Cash and Cash Equivalents

The Levee District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Levee District may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. At June 30, 1997, all cash balances of the Levee District were insured.

Investments

The Levee District is authorized under state law to invest surplus funds in U.S. Government Treasury securities. The Levee District may also invest up to 25% of funds available for investment in mutual or trust funds which are invested in U.S. Government securities. The Levee District records such investments at cost.

Budgets and Budgetary Accounting

Annually, the Levee District adopts a budget for the General Fund on a modified accrual basis of accounting. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgetary integration is used as a management control device.

ST. TAMMANY LEVEE DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1997

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The St. Tammany Levee District, a component unit of the State of Louisiana, was created by Act 785 of the 1985 Regular Session of the Louisiana Legislature. The Levee District provides flood protection for those areas of St. Tammany Parish contained within the boundaries of the District as established by the Legislature in 1993. The governing board of commissioners administers the operations and responsibilities of the Levee District in accordance with Louisiana statutes. The six commissioners are appointed by and serve at the pleasure of the governor.

The Levee District prepares and distributes separate financial statements but its financial statements are also included as a component unit of the State of Louisiana reporting entity.

Fund Accounting

The accounts of the Levee District are organized on the basis of a fund (General Fund) and account groups, each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Levee District records are maintained on a cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures.

Revenues

The majority of the Levee District's revenues are derived from the ad valorem tax for operations and income on investments.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31.

ST. TAMMANY LEVEE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Ad valorem taxes	\$ 35,000	\$ 32,185	\$ (2,815)
Intergovernmental revenue sharing	2,200	2,217	17
Interest earned on investments	35,000	31,692	(3,308)
Other revenues	-	210	210
	72,200	66,304	(5,896)
<u>EXPENDITURES:</u>			
Operations	48,857	46,981	1,876
Contract services	35,000	44,671	(9,671)
General & administrative	23,343	20,379	2,964
Account group activity	19,900	18,615	1,285
Loss on investments	-	2,504	(2,504)
	127,100	133,150	(6,050)
(Deficiency) of revenues over expenditures	(54,900)	(66,846)	(11,946)
Beginning fund balance, July 1	507,751	507,751	-
Ending fund balance, June 30	\$ 452,851	\$ 440,905	\$ (11,946)

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

ST. TAMMANY LEVEE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES:</u>			
Ad valorem taxes	\$ 35,400	\$ 38,082	\$ 2,682
Intergovernmental revenue sharing	2,200	2,109	(91)
Interest earned on investments	25,000	25,197	197
Other revenues	500	305	(195)
Total revenues	<u>63,100</u>	<u>65,693</u>	<u>2,593</u>
<u>EXPENDITURES:</u>			
Operations	48,857	45,327	3,530
Contract services	7,000	2,415	4,585
General & administrative	19,443	18,392	1,051
Account group activity	14,900	156,402	(141,502)
Loss on investments	-	19,299	(19,299)
Total expenditures	<u>90,200</u>	<u>241,835</u>	<u>(151,635)</u>
(Deficiency) of revenues over expenditures	(27,100)	(176,142)	(149,042)
Beginning fund balance, July 1	<u>440,905</u>	<u>440,905</u>	<u>-</u>
Ending fund balance, June 30	<u>\$ 413,805</u>	<u>\$ 264,763</u>	<u>\$ (149,042)</u>

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

ST. TAMMANY LEVEE DISTRICT
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	1997	1996
REVENUES:		
Ad valorem taxes	\$ 38,082	\$ 32,185
Intergovernmental revenue sharing	2,109	2,217
Interest earned on investments	25,197	31,692
Other revenues	305	210
	65,693	66,304
EXPENDITURES:		
Operations:		
Salaries and wages	31,500	31,500
Payroll taxes	457	457
Commissioners' per diem	3,750	4,500
Advertising	-	701
Repairs and maintenance	2,286	2,337
Insurance	5,880	5,720
Travel	1,454	1,766
Contract services:		
Accounting and auditing	85	3,161
Legal	1,980	1,395
Other	350	40,115
General and administrative:		
Utilities	4,190	4,624
Telephone	2,680	3,360
Insurance - group	2,328	2,305
Office supplies	3,517	3,177
Pension	3,906	3,780
Other	1,771	3,133
Account group activity:		
Equipment purchases	522	4,413
Debt retirement	145,953	1,273
Interest	9,927	12,929
Loss on investments	19,299	2,504
	241,835	133,150
Total expenditures		
(Deficiency) of revenues over expenditures	(176,142)	(66,846)
Beginning fund balance, July 1	440,905	507,751
Ending fund balance, June 30	\$ 264,763	\$ 440,905

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**ST. TAMMANY LEVEE DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997**

ASSETS AND PROVISIONS

	Governmental Fund Type	Account Group	Totals (Memorandum Only)	
	General Fund	General Fixed Assets	June 30, 1997	June 30, 1996
Cash	\$ 204,464	\$ -	\$ 204,464	\$ 15,353
Investments	58,173	-	58,173	423,503
Accrued interest	385	-	385	-
Prepaid insurance	3,787	-	3,787	4,061
Furniture and equipment	-	32,389	32,389	31,867
Buildings	-	89,000	89,000	89,000
Land	-	75,000	75,000	75,000
Debt retirement provision	-	-	-	145,953
Total assets and provision	<u>\$ 266,809</u>	<u>\$ 196,389</u>	<u>\$ 463,198</u>	<u>\$ 784,737</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accounts payable	\$ 786	\$ -	\$ 786	\$ 752
Accrued liabilities	1,260	-	1,260	1,260
Notes payable	-	-	-	145,953
Total liabilities	<u>2,046</u>	<u>-</u>	<u>2,046</u>	<u>147,965</u>

FUND EQUITY:

Fixed asset investment	-	196,389	196,389	195,867
Fund balance - reserved for prepaid expenses	3,787	-	3,787	4,061
Fund balance - unreserved, undesignated	260,976	-	260,976	436,844
Total fund equity	<u>264,763</u>	<u>196,389</u>	<u>461,152</u>	<u>636,772</u>
Total liabilities and fund equity	<u>\$ 266,809</u>	<u>\$ 196,389</u>	<u>\$ 463,198</u>	<u>\$ 784,737</u>

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

St. Tammany Levee District
September 8, 1997
Page 2

Commissioners' plan regarding this matter is also described in Note 11. The general purpose financial statements do not include any adjustment that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued a report dated September 8, 1997 on our consideration of the St. Tammany Levee District's internal control structure and a report dated September 8, 1997 on its compliance with laws and regulations.

September 8, 1997

Ericksen, Krentel, Canton & LaPorte
Certified Public Accountants

Ericksen, Krentel, Canton & LaPorte, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 FAX (504) 482-2516

BENJAMIN J. ERICKSEN*
FABIO J. CANTON*
JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*

*PROFESSIONAL CORPORATION

J.V. LECLERE KRENTEL (Ret. 1993)
RONALD H. ACKERMANN (Ret. 1995)

INDEPENDENT AUDITORS' REPORT

St. Tammany Levee District
61134 Military Road
Slidell, Louisiana 70459

We have audited the accompanying general purpose financial statements of the St. Tammany Levee District, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1997, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the St. Tammany Levee District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the St. Tammany Levee District, a component unit of the State of Louisiana, at June 30, 1997, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles.

The accompanying general purpose financial statements have been prepared assuming that the St. Tammany Levee District will continue as a going concern. As discussed in Note 11 to the general purpose financial statements, the Levee District may be eliminated as a result of two acts of the 1997 Louisiana Legislature. This condition raises substantial doubt about its ability to continue as a going concern. The Board of

CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
 <u>GENERAL PURPOSE FINANCIAL STATEMENTS:</u>	
Exhibit "A" Combined Balance Sheet - All Fund Types and Account Groups - June 30, 1997	3
Exhibit "B" Combined Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund - For the years ended June 30, 1997 and 1996	4
Exhibit "C" Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund- For the year ended June 30, 1997	5
Exhibit "D" Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund- For the year ended June 30, 1996	6
Notes to General Purpose Financial Statements	7 - 14

9096

RECEIVED
LEGISLATIVE AUDITOR
97 OCT - 1 PM 2:40

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

ST. TAMMANY LEVEE DISTRICT

A COMPONENT UNIT OF THE STATE OF LOUISIANA

SLIDELL, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(INCLUDING TRANSACTIONS FOR THE

YEARS ENDED JUNE 30, 1997 AND 1996)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 08 1997 J

Ericksen, Krentel, Canton & LaPorte, LLP
CERTIFIED PUBLIC ACCOUNTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996